

Application - Changing Method of Cost Recovery for PFP Charge Outside of a Conventional Water Rate Case

Generally, Commission staff recommends that any change in the method of cost recovery for the public fire protection charge (PFP) be conducted as part of a conventional rate case. However, if a utility has a conventional rate case approved by the Commission within the last five years, then it may change methods of PFP cost recovery through an abbreviated hearing process. This process typically takes 10 to 12 weeks to complete.

Application Requirements

1. Cover letter requesting change in the method of cost recovery for the PFP charge. Letter includes:
 - a. Proposed method to compute PFP charge. The four most common preapproved methods are shown below. The remaining four preapproved methods are the Madison method, the Alliant (WP&L) method, the Fire Calls Method, and the Actual Method. These methods are complex and rarely used, and some have fallen completely into disuse. A full description of each method can be found in the Commission's Public Fire Protection Charge Study ([PSC REF#: 296859](#)).
 - 1. Equivalent Meters Method - Based on ratios of meter size**
 - Table of charges based on meter size
 - Simple to administer
 - Not perfectly equitable
 - 2. Equivalent Services Method - Based on ratios of meter size, but uses different ratios**
 - Table of charges based on meter size
 - Simple to administer
 - Not perfectly equitable
 - Compared to the equivalent meters method this method results in relatively higher charges to small meters and lower charges to large meters
 - 3. Property Values Method - Based on property value (improved value or total value)**
 - Rate based on each customer's assessed property value
 - Equitable; charges closely reflect benefits received
 - Provides continuity for utilities moving the PFP charge from municipal charge to direct charges
 - Property value data may not be readily available to the utility
 - 4. Square Feet of Improvements Method - Based on square feet of improvements**
 - Rate based on each customer's assessed square feet of improvements
 - Equitable; charges reflect benefits received
 - Some continuity with municipal charge
 - The data may not be readily available to the utility

- b. Supporting documentation needed to compute PFP rates based on the proposed method chosen.

PFP Method	Data Needed
Equivalent Meters Method	<ul style="list-style-type: none">• Table listing most recent meter count by size for all water customers.
Equivalent Services Method	<ul style="list-style-type: none">• Table listing most recent meter count by size for all water customers.
Property Values Method	<ul style="list-style-type: none">• Table listing meter count by size, name, address, and assessed value of each customer (including tax exempt customers).• Total assessed value of all customers.
Square Feet of Improvements Method	<ul style="list-style-type: none">• Table listing meter county by size, name, address, and assessed square feet of improvements of each customer (including tax exempt customers)• Total square feet of improvements of all customers.

- c. Amount or percentage of total PFP costs that will be recovered in the municipal charge versus the percentage that will be recovered through a direct charge on the water bill.
- d. Determination of whether the municipality will assess its PFP charge to:
- water customers only, or
 - water customers and non-customers per Wis. Stat. 196.03(3)(b)2. If non-customers are charged, the utility must provide the total number of all non-customers that, "own land that is located in the city, village or town and in an area in which the municipal utility has an obligation to provide water for public fire protection."
2. Copy of signed resolution from municipal government directing water utility to change the method it uses to compute the PFP charge and how much of the PFP costs will be recovered through municipal and/or direct charges.

Application Process

1. Utility uploads cover letter and supporting documentation, as described in "Application - Changing Method of Cost Recovery for PFP Charge Outside of a Conventional Water Rate Case", to the PSC Electronic Records Filing (ERF) system at: <http://apps.psc.wi.gov/vs2015/ERF/ERFhome.aspx>
2. Commission staff reviews application.
3. Commission staff processes a Notice of Proceeding.
4. Commission staff computes the new PFP charges and provides to utility.
5. Utility accepts new PFP rates.
6. Commission staff drafts customer notice.
7. Utility publishes customer notice at least one time as a display advertisement in a local newspaper and provides affidavit of publication to Commission staff.
8. Commission staff processes a Notice of Hearing.
9. Commission holds a telephonic public hearing.

10. Administrator of the Division of Water, Telecommunications and Consumer Affairs makes final decision.
11. Order emailed to utility.
12. If application is approved, utility provides Commission staff with implementation date.
13. Commission staff sends utility the new PFP tariff sheets.